

## **REMARKS**

Applicants reply to the Office Action mailed January 4, 2011 within the stipulated three months. Claims 1-3, 6, 10, 22 and 23 were pending in the application and the Examiner rejects claims 1-3, 6, 10, 22 and 23. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter is entered by these amendments. Applicants respectfully request reconsideration of this application.

### **Claim Rejections under 35 U.S.C. §103**

The Examiner rejects claims 1-3, 6, 10, 22 and 23 under 35 U.S.C. 103(a), as being unpatentable over Horan, US Publication No. 2003/0225663 (“Horan”) in view of DeWolf et al, US Publication No. 2002/0032626 (“DeWolf”), Bergmann et al, US Publication No. 2002/0143682 (“Bergmann”), Koppelman et al, US Patent No. 6,662,164 (“Koppelman”) and Official Notice. Applicants do not concede that the cited references are indeed prior art with respect to this application and Applicants reserve the option to antedate the cited references. Applicants disagree with these rejections. However, Applicants present claim amendments in order to expedite prosecution.

**The current 35 U.S.C. 103 rejections are substantially identical to the previous rejections. As such, Applicants counsel requests that the Examiner reconsider the rejections in light of previous discussions, previous submissions and the below remarks.**

In the Office Action the Examiner states, “Horan did not explicitly disclose reallocation code and value. However, Koppelman [does]...” Office Action, P. 8. Applicants agree that Horan does not disclose a reallocation code but disagree with the interpretation that Koppelman does. Koppelman teaches a method of determining commission to be paid out to an individual (sales representative) or a team based on the performance and preset allocation rules. The allocation rules determine the proportion/percentage of the commission to be paid out to an individual. For example, if a team of 4 sales representatives is to be paid out a commission of 100 USD, then the allocation rules determine, what percentage of the 100 USD each individual is suppose to receive. See Koppelman, Col 8; example 1 & Fig. 4. “The Commission System uses the term ‘Allocation’ to indicate credit allocated to a single individual or group on a single

Transaction. An allocation may be viewed as a Transaction that is tied to a Sales Representative at a certain weight.” Koppelman, Col. 8, lines 32-36.

**The application specifically discloses use of reallocation categories relating to reallocation of the ownership of the asset. The reallocation categories are transformed into reallocation reason codes. The reallocation reason codes undergo tax treatment re-categorization for automated real-time computing of accurate adjusted cost basis.**

Horan generally teaches an open reconciliation system that extracts information from an accounting and a record system. The extracted information is compared with the information resident on a custodial system. If variance is found during comparison of information then reconciliation is suggested. The reconciliation can be done manually or automatically via the rules stored within the accounting and record system. Therefore, Horan’s open platform system and method merely evaluates either randomly or selectively the customer account data, which is resident on the custodial system and compares the resident data with the customer account data resident on the accounting and records system. Horan’s open platform system merely alerts third parties such as a broker/sponsor of any existing variance in customer account data, and the variance in customer account data is mostly resolved by the third party. Alternatively, Horan’s open platform system suggests of the required reconciliation of the variances to a broker/sponsor. The broker/sponsor then initiates the reconciliation steps to resolve the variance. [Para 101]. **Further, Horan merely mentions tracking of multiple cost bases, but fails to teach computing real time adjusted cost basis** as recited in the independent claims. **The application specifically discloses use of reallocation categories relating to reallocation of the ownership of the asset. The reallocation categories are transformed into reallocation reason codes. The reallocation reason codes undergo tax treatment re-categorization for automated real-time computing of accurate adjusted cost basis.** In contrast, Horan only mentions about tax lot accounting which in general includes computation of taxes on sale or purchase of assets. [Horan, Para 99]. **Tax lot accounting in general does not disclose accurate computation of cost basis for an asset by automatically taking into account taxing implications of specific scenarios such as reallocation of the ownership of the asset and the reasons for reallocation as disclosed by the application,** as recited, for example, in claim 1.

Dewolf teaches registering information relating to assets such as automobiles, computers, appliances, land, durable goods and the like throughout life cycle of an asset into a Global Asset

Information registry [Abstract & Para 31]. **Dewolf merely teaches inserting asset related basic information into attributes describing the asset.** For example, for an asset such as vehicle, the vehicle asset master record will contain attributes such as insurance, vehicle type, service history, accident history and etc [Fig. 9].**The change in ownership of the asset can be one of the attributes but Dewolf fails to teach about further categorizing specific reallocation data relating to reason for change in ownership of the asset into multiple reallocation categories.** Dewolf fails to teach transformation of reallocation categories into reallocation reason code. Moreover, Dewolf fails to disclose tax treatment re-categorization of reallocation reason codes for automated real-time computing of accurate adjusted cost basis as disclosed within our application, as recited, for example, in claim 1.

Bergmann teaches computation of the tax liability based on primarily the class to which an asset belongs. However, the instant application discloses classification of assets based on reallocation categories, reallocation reason code and dependent tax treatment categories. Moreover, Bergmann fails to teach about re-categorization of reallocation reason code into tax treatment categories. The reallocation reason code is procured by transforming reallocation categories to which assets are initially classified. **Bergmann teaches about asset categories having similar general taxing features such as fully taxable, tax deferred, tax exempt and ESOP [Para 34]. Bergmann focuses on only general taxing rates and types as mentioned above. Bergmann does not teach about specific tax requirements and rates on events relating to reallocation of an asset from one entity to other.** Because Bergmann only takes into account general taxing rates and types, he does not disclose re-categorization of reallocation reason code based on specific taxing requirements. Therefore, Bergmann fails to take account of at least: changes if any in the ownership of the asset, reasons for the changes in the ownership of the asset, and reallocation reason code before computing the tax liability thereby computing the actual accurate cost basis of an asset as disclosed by the application (*for example, refer to claim 1*).

**Official Notice:** The Internal Revenue Service (IRS) documents available within the provided links give information to a user about implication of tax on asset reallocations. The documents merely serve as an informational guide that would enable a reader to get more clarity on taxing rates applicable on asset reallocations. The documents fail to disclose the novel automated system for real time computing of cost basis for at least one asset forming a part of a

diversified asset portfolio, all of which is disclosed by the application. **Moreover, the documents fail to teach about reallocation categories into which assets are initially classified. The documents do not teach transforming reallocation categories into reallocation reason code. Further, the documents fail to teach re-categorization of reallocation reason code into tax treatment categories for real-time computation of cost basis for at least one asset present within a diversified asset portfolio.**

Therefore, none of the cited references alone or in combination disclose or contemplate at least the following elements, as similarly recited by independent claims 1 and 22-23 (emphasis added):

**monitoring, by a computer, the reallocation of an ownership of at least one asset, wherein the asset is a financial asset;**

**extracting in real time, by the computer, from at least one product system reallocation data, asset information, and computed tax data associated with the reallocation of the ownership of at least one asset,**

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categorizing, **by the computer**, at least one asset into at least one of the reallocation category based on the extracted reallocation data;

transforming, **by the computer**, at least one reallocation category into at least one reallocation reason code, wherein the reallocation reason code comprises codified information relating to the reason for the change in ownership of the asset;

re-categorizing, by the computer, the reallocation reason code into one of a plurality of tax treatment categories to establish a tax treatment re-categorization of the reallocation **of the ownership of at least one asset**,

and wherein the tax treatment re-categorization is based upon the reallocation reason code, the **asset information** and the associated tax treatment of the reallocation;

computing automatically, by the computer, a real-time adjusted cost basis of **at least one** asset based upon the reallocation reason code, the **asset information**, and the tax treatment re-categorization;

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For at least these reasons, Applicants respectfully submit that none of the cited references, alone or in combination, disclose or contemplate all of the elements of independent claims 1 and 22-23, and Applicants therefore respectfully submit that independent claims 1, and 22-23 are allowable over the cited references.

Dependent claims 2, 3, 6 and 10 variously depend from independent claim 1, so dependent claims 2, 3, 6 and 10 are allowable over the cited references for the reasons set forth above, in addition to their own unique features, some of which are stated above.

In view of the above remarks, Applicants respectfully submit that all pending claims properly set forth that Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject application. The Commissioner is authorized to charge any fees due to Deposit Account No. 19-2814.

Respectfully submitted,

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